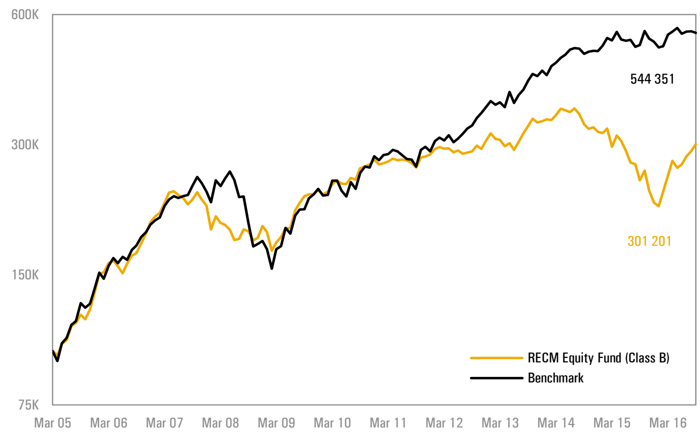
QUARTERLY REPORT

RECM EQUITY FUND - SEPTEMBER 2016

PERFORMANCE TABLE

Gross Returns	RECM Equity B	Benchmark ALSI
3 Months	11.5%	0.4%
1 Year p.a.	21.4%	6.6%
3 Years p.a.	-3.2%	8.8%
5 Years p.a.	2.5%	15.3%
10 Years p.a.	6.0%	12.0%
Since inception (1 March 2005)	10.1%	15.9%

PERFORMANCE NET OF FEES AND EXPENSES



PERFORMANCE REVIEW

The Fund outperformed its benchmark for the quarter.

Positions which benefited returns in the last quarter:

- Platinum producer Impala Platinum
- Investment holding company Niveus
- Investment company RECM & Calibre

Positions which detracted from returns in the last quarter:

- Mobile telecommunications firm MTN
- Oil and chemicals producer Sasol
- Investment holding company Remgro

PERFORMANCE SUMMARY

The Fund returned 11.5% during the quarter, outperforming its benchmark, the FTSE/JSE All Share Index which returned 0.4% over the same period.

Impala Platinum continued its share price rally, despite a pullback in the platinum price. The company remains our preferred exposure to the platinum industry by virtue of their proactive capital expenditure throughout the cycle which will see them benefiting the most from a sustained upturn in platinum prices.

Investment holding company Niveus was up strongly during the quarter. It appears that the market may well be starting to see the potential merits of the underlying investments – particularly given the recent lucrative sale of the operational assets of KWV to Vasari.

RECM & Calibre, the listed investment company managed by us, also continued to perform well with the market reacting favourably to more detail provided at the company's AGM about the underlying portfolio of investments.

Mobile telecommunications firm MTN continued to be hounded by issues around their Nigerian operations with new allegations of bribes and money laundering surfacing during the quarter, all of which have been vehemently denied by the firm itself.

Sasol was down in tandem with the oil price and strengthening rand, while investment holding company Remgro saw its share price fall as a result of a knock-on effect of its 42% stake in Mediclinic. The hospital group's share price was down due to earnings disappointments in their Middle Eastern operations.

MARKET COMMENTARY

The third quarter was a positive one for most global equity markets, both developed and emerging, with emerging markets up the strongest fuelled by a surge in technology stocks and a continuation of the rally in resource stocks. The MSCI Emerging Market Index generated a USD return of 8.3% during the quarter. As mentioned earlier however, the SA market was flat during the quarter as measured in rands.

This was not a terrible result given the ongoing political turmoil and negative sentiment. Encouraging economic data also helped. The economy grew by 3.3% on an annualised basis during the April-to-June period, reversing a contraction in the previous three months.

South African resources stocks performed well, as did most stocks in the construction industry. In keeping with the surge in technology stocks in many other emerging markets, shares in media conglomerate Naspers, which owns stakes in Chinese technology business Tencent and other internet firms in emerging markets, increased by 6%. Non-resource rand hedges were however negatively impacted by rand strength.

MANAGEMENT ACTIONS

Given the continued rally in share prices, and commensurate decrease in discounts to fair value, it should come as no surprise that positions in resource stocks such as Anglo American, Anglo Platinum, and Impala Platinum were again trimmed during the quarter.

The construction industry finally showed some signs of life following several years of depressed prices, with shares in construction stocks rallying - the FTSE/JSE Construction & Materials Index was up over 12% during the quarter. For this reason, the Fund's holdings in construction stocks such as WBHO, Aveng and Raubex were also reduced slightly during the quarter. The net result of the sales in these stocks as well as the resource stocks resulted in a slightly lower equity allocation overall compared to the prior quarter.

The only new investment in the Fund was a very small holding initiated in poultry, egg and animal feed producer Quantum Foods, which was originally spun off from the Pioneer Foods Group in 2014. We expect Quantum's profitability to recover somewhat from very low levels as import duties on poultry, a normalisation in the maize price and the consolidation process amongst producers filter through.

During the quarter, we took advantage of price weakness in stocks such as Richemont, Sasol and MTN to add to the existing holdings in the Fund.

TOP TEN HOLDINGS (%)

September 2016		June 2016	
RECM & Calibre Ltd	7.0	RECM & Calibre Ltd	6.5
Impala Platinum Holdings Ltd	6.8	Impala Platinum Holdings Ltd	5.8
Hosken Cons Investments Ltd	5.6	Standard Bank Group Ltd	5.8
Standard Bank Group Ltd	5.4	Hosken Cons Investments Ltd	5.5
BHP Billiton Plc	3.5	BHP Billiton Plc	3.5
Niveus Investments Limited	3.3	Nedbank Group Ltd	3.4
Sasol Ltd	3.0	Wilson Bayly Holmes	2.9
Anglo American Plc	2.8	Niveus Investments Ltd	2.8
Anglo Platinum Ltd	2.2	Anglo Platinum Ltd	2.6
Glencore Xstrata Plc	2.2	Remgro Ltd	2.5
Total	41.8	Total	41.3

SECTOR EXPOSURE (%)

September 2016		June 2016	
Industrials	37.6	Industrials	42.9
Resources	33.5	Resources	28.8
Financials	28.9	Financials	28.3
Total	100.0	Total	100.0

PORTFOLIO POSITIONING

The RECM Equity Fund currently has 80% exposure to equities, with 20% in cash. As mentioned, this is a small decrease in equity exposure from the second quarter, as the value of sales of holdings exceeded that of the number of small purchases made during the period.

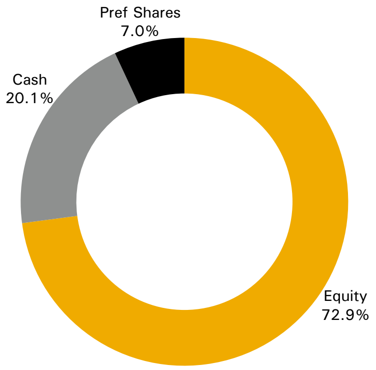
The substantial cash holding in the Fund reflects an environment where high quality assets have by and large not been priced attractively. As always, we are comfortable with being patient and biding time until the truly compelling opportunities emerge, in the knowledge that cash serves as protection in an environment where many assets are expensive, and provides optionality to capitalise on opportunities when they come. As absolute return focused investors, we prefer holding cash to compromising unduly on the discipline of only deploying capital into compelling opportunities.

The Fund is still meaningfully exposed to stocks in the resources sector, which currently make up a third of the Fund's equities. We continue to trim this exposure as share prices rise, while retaining our emphasis on higher quality businesses that are robust enough to withstand the severity of the cycle. The mix of companies in this segment is more diversified than it was at the start of the year, which is preferable – reflecting a widening of opportunities in the sector as the cycle has progressed.

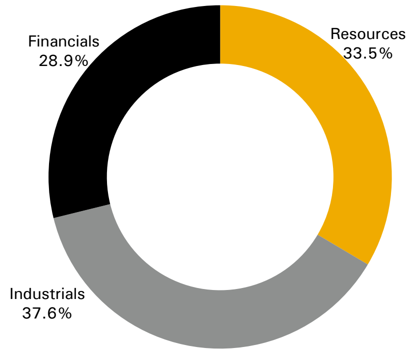
Over the course of the year our equities have shifted somewhat in favour of attractive investment propositions in so-called 'SA Inc.' industrial businesses. These businesses continue to face difficult circumstances, and have been out of favour in part due to being oriented mostly towards the domestic market with little global exposure, and thus not having had the benefit of a weak rand over the past few years. Our sense is that some local businesses of high quality are being sold off without due regard for their long term earnings power, and we are happy to have exposure to such assets as a result.

The RECM Equity Fund is a robust, diversified portfolio of unpopular and undervalued stocks, which still retains a significant cash component to put to use should opportunities arise. Markets have favoured value strategies year-to-date, a significant shift from the last several years. This has boosted the Fund's returns recently. We expect that value investors will ultimately be handsomely rewarded for their patience and willingness to hold unpopular but attractively priced stocks - as has been the case for many cycles before this one.

ASSET EXPOSURE (%OF FUND)



SECTOR EXPOSURE (% OF EQUITY)



PORTFOLIO OVERVIEW

Portfolio Managers	Piet Viljoen, Wilhelm Hertzog & Paul Whitburn	Min. Investment	R150,000 initial investment
ASISA Sector	South Africa Equity General*	Initial Fee	No initial fee
Fund Launch Date	2 March 2005	Annual Fee**	1.0% (excl. VAT)
Inception Date (Class B)	2 March 2005	Intermediary Fee**	0.0% (excl. VAT)
Total Fund Size	R67.4 million	Performance Hurdle	FTSE/JSE All Share Index + 2.5% p.a.
Benchmark (Bmk)	FTSE/JSE All Share Index	Performance Fee**	20% of the outperformance of the hurdle over 5 year rolling periods
Total Expense Ratio	1.5% for the 3 year period ending 30 June 2016		

Risks associated with investing in the Fund

All investments carry risk. Different investment strategies may carry different levels and kinds of risks depending on the assets held. You should consider the risks listed below in the context of your risk profile, which includes factors such as your investment timeframe, objectives and tolerance for performance volatility, income and age. We do not offer advice, nor does the Fund's investment strategy consider your individual circumstances and we cannot advise that the Fund is suitable for your circumstance.

The Manager does not guarantee the Fund's returns, its liquidity, and repayment of capital, interest nor a rate of return. Assets that are expected to provide the highest long-term returns often have the highest short-term risk. The Funds' investment strategy and the assets it invests in, will determine the Fund's sensitivity to these risk factors.

You should obtain financial advice to determine whether the Fund is suitable for your circumstances before investing in the Fund.

Sharemarket and Business Risk

The Fund may experience losses due to factors that affect the overall performance of the financial markets. The Fund holds securities issued by individual companies and are subject to the business risks specific to them, including sales volumes, profit margins, input costs, competition, economic climate and government regulations. The companies may also have exposure to specific financial risk, liquidity risk, market risk, exchange-rate risk and country-specific risks.

Interest Rate Risk

This is the possibility that fixed-rate debt instruments may decline in value as a result of a rise in interest rates.

Credit Risk

Refers to the possibility that a bond issuer may not be able to make expected interest payments and/or principal repayment.

Liquidity Risk

Refers to the possibility that an investor may not be able to invest or disinvest when they want to. This may occur during a period of adverse market trading conditions where the manager may not be able to buy or sell the Fund's investments because opportunities to do so are limited.

Social/Political/Legislative Risk

Risks associated with the possibility of nationalisation, unfavourable government action or social changes resulting in a loss of value is called social or political risk which may affect the Fund.

Inflation Risk

The Fund may hold investments that do not generate sufficient income and capital gains to outperform inflation.

Key Person Risk

The Fund depends on the expertise of RECM and its investment team. The Fund could be negatively impacted if RECM does not retain key staff.

Third Party Operational Risk

The Fund's operations depend on third parties. Investors in the Fund may suffer financial loss or disruption in the event of third party operational failure.

Fees

An annual management fee (determined by the investor's selected unit class above) is levied monthly on the market value of the Fund. An annual performance fee of 20% is levied on returns (net of fees) in excess of the Performance Hurdle. Performance fees are calculated and accrued daily. While the performance fee accrual is calculated daily, for inclusion in the daily unit price, it will only be paid should the Manager outperform the performance fee hurdle over a 60-month rolling period. The performance fee is in addition to the annual management fee. No maximum is set for the performance fee. The Fund may invest in the Guernsey-domiciled RECM Global Fund and RECM Global Equity Fund, which are associated collective investment schemes, however there will be no additional investor fees connected with these investments.

****Total Expense Ratio (TER) and Transaction Costs**

The TER reflects the percentage of this Fund's Net Asset Value that was incurred as expenses relating to the administration of this Fund, including the annual fee and the performance fee and intermediary fee if applicable. A Higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. Transaction costs are a necessary cost in administering this Fund and impacts this Fund's returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. The TER and Transaction costs are a measure of the actual expenses incurred by this Fund over a 3 year period (annualised). If this Fund is between 1 and 3 years old, the TER and Transaction Costs are calculated using the actual expenses incurred since the inception of this Fund. The sum of the TER and Transactions Costs is shown as the Total Investment Charge overleaf; these costs all being VAT inclusive.

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